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**DRAFT MEETING MINUTES**  
**ARIZONA CLIMATE CHANGE ADVISORY GROUP (CCAG)**  
Salt River Project Public Administration Building  
Meeting #3 – December 12, 2005

**Members in attendance:**

Bahr, Berry, Clark, Cook, Crosswhite, De Masi, Downey, Elliott, Engel, Etsitty, Fox, Gammage, Gatewood, Hayslip, Henness, Homer, Kramer, Martin, Mohin, O'Regan, Owens, Pfeifer, Pfister, Schlegel, Seitts, Taylor, Tobin

**Members absent:**

Boyd, Cuning, Kinsall, McGinnis, Netko, Ramirez, Seitz, Swetnam

**Discussion items:**

ADEQ Director Steve Owens led the CCAG members through introductions, and he and the facilitator, Tom Peterson of the Center for Climate Strategies (CCS), reviewed the meeting agenda. Members agreed on the agenda and also approved without objection the summary of the September 29, 2005, CCAG meeting.

Director Owens provided members an update on various state and regional climate change activities that occurred since the September meeting. In response to a question, Director Owens said that while Arizona has a role in these broader efforts through its participation in regional organizations such as the Western Governors Association and the Western Regional Air Partnership, the focus of the CCAG should be on how best to reduce greenhouse gas (GHG) emissions in Arizona. In response to another question, he also advised members not to be overly concerned with the political feasibility of particular options for reducing GHG emissions. Peterson offered that there will be a variety of uncertainties and potential barriers that the CCAG will need to be aware of and note in its action plan, but these should not preclude the CCAG from recommending an option to the Governor. The CCAG should strive to clarify for the Governor what the uncertainties and barriers are but not invest too much time in resolving the issues.

Peterson then reviewed the CCAG's progress since the September 29, 2005 CCAG meeting and summarized where the CCAG is in the overall process toward providing the Governor by June 2006 a final action plan. He said that the four sector-based technical work groups (TWGs)

comprising CCAG members and other experts have been refining the identified priority options for analysis and are now using a policy design template to document for each option the parameters and assumptions that CCS will use to show GHG emission reduction potential, costs, co-benefits, etc.

In follow-up to several members' requests from the September meeting, Peterson provided a briefing on how other states and regional groups have approached greenhouse gas (GHG) targets and emission reduction goal-setting. He noted that Arizona's forecasted GHG emission growth rate, between 118 and 147 percent, is considerably outpacing the rates of all other states that have set targets and is more typical of high growth states just now developing climate action plans and considering targets. Slower growing states of the northeast and west coast have been more aggressive in setting targets, generally using 1990 as a baseline as opposed to 2000. New Mexico has set a target using a year 2000 base. Director Owens said this discussion of other states' goal-setting processes was offered as background. Following the briefing and extended discussion, Peterson asked the CCAG if it wanted to take any further action. In response, several members expressed an interest in exploring whether and how to submit to the Governor a recommendation about setting GHG emission reduction targets for Arizona. The sense of the CCAG was that it is important to submit a recommendation concerning targets but that more information is needed before members could decide what appropriate targets and timelines might be. Information from the analysis of potential policy options would be helpful to this end.

Director Owens asked CCS to coordinate with interested CCAG members to form a discussion group on the goal-setting topic. CCS should be prepared to lead the CCAG through a more structured discussion at the fourth CCAG meeting and to develop options for GHG emissions reduction targets and timelines at the fifth CCAG meeting.

CCS facilitators for each TWG then reviewed the identified priorities for analysis in their groups and discussed the approaches members are using to complete the policy design templates.

The CCAG affirmed the TWG priorities for analysis with the following additions:

- a. Add fuel tax to TLU with consideration of potentially regressive economic effects and policy design configurations that include not only price and sources of funds, but also uses of funds; as needed, tax issues may be referred to the Cross-Cutting Issues TWG
- b. Add yard waste to RCI
- c. Add water use efficiency and conservation to RCI
- d. Add urban heat island options and effects to RCI and TLU
- e. Add rural road impacts to TLU and or AF
- f. Evaluate effects of geographical coverage of a cap and trade program
- g. Coordinate overlapping options between TWGs
- h. Coordinate supply and demand side modeling of energy option

It was noted that the RCI TWG has yet to address solid waste/wastewater management policies for potential options for analysis.

There was discussion of forming the Cross-Cutting Issues (CC) TWG, which will be composed of interested CCAG members for the purpose of considering options involving emissions reporting, registries, trading, education and state goals. Members who had earlier stated an interest in being part of the CC TWG are: Clark, Elliot, Engel, Etsitty, Fox, Kramer, Mohin, Netko, O'Regan and Taylor. Staff agreed to e-mail CCAG members to confirm participation and solicit any additional volunteers.

The CCAG approved without objection the Arizona Greenhouse Emissions Inventory and Forecast, including the RCI TWG recommendation to update the electricity growth rate forecast (3.75% through 2010; 3.50% from 2011-2020) and the peak demand analysis (distributed by email to the Energy Supply TWG on September 21, 2005 and approved by the TWG the following day).<sup>1</sup>

Members discussed the process that will be used to finalize recommendations for submission to the Governor. Over the next several weeks leading up to the CCAG's fourth meeting, the TWGs will continue to complete the policy design templates for all of the priority options that have been identified and affirmed by the CCAG. To the extent time permits, CCS will begin quantifying benefits and costs for as many options as possible for presentation at the next CCAG meeting. It is conceivable that the CCAG may be presented with some options to vote on at the fourth meeting, but more likely this will occur in the fifth meeting. The remaining meetings may need to be extended from the half-day format to allow sufficient time to complete the work. Several members asked that the CCAG have at least 10 days advance distribution of option descriptions so they are prepared to discuss at the meetings, to which CCS agreed. Several members also were interested in clarification about the timing and process for finalizing the CCAG report to the Governor. Following extended discussion, Director Owens and Tom Peterson suggested that the CCAG receive a full briefing on the plans for the report at the next CCAG meeting, including review of a detailed report outline, and process for public review and comment.

In response to a question, Director Owens and Tom Peterson clarified the process for resolving potential barriers to consensus. Peterson advised that CCS will provide TWG-approved evaluations of benefits, costs and other issues so that CCAG members have factual basis for making informed decisions. The CCAG should recognize that not every member may necessarily support every recommendation that is submitted to the Governor, and the policy design templates for each option include sections noting disparate views and levels of support. Director Owens

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<sup>1</sup> The peak demand analysis supplied by Eric Williams of CCS provided a GHG emissions forecast reflecting growth in peak demand, which in turn leads to growth in peaking units and emissions. Two utilities supplied peak demand growth projections (see copy of email posted in documents related to 9/22/05 ES TWG at [www.azclimatechange.us/ewebeditpro/items/O40F7733.pdf](http://www.azclimatechange.us/ewebeditpro/items/O40F7733.pdf)). A weighted average growth resulted in a very similar growth in peak demand as forecasted by the WECC for Arizona and New Mexico combined, CCS used that forecast since it covered all of Arizona and was consistent with the utility forecasts. The end result in terms of emissions compared growth in total generation and peak demand by estimating the likely ratio of new natural gas combined cycles to new natural gas combustion turbines.

acknowledged that some recommendations may be controversial. While the Governor would like to see consensus, it's clear that there does not need to be unanimity to move a recommendation forward, he said. (Note: This point and other related process issues are discussed in the description of the CCAG process, which was posted on the website for the first CCAG meeting at [www.azclimatechange.us/ewebeditpro/items/O40F6490.pdf](http://www.azclimatechange.us/ewebeditpro/items/O40F6490.pdf). Members are encouraged to review this detailed description of the process and refer any additional questions to Tom Peterson or Kurt Maurer.)

**Actions taken:**

The CCAG approved without objection: the amended list of TWG priority policies for analysis; the Arizona Greenhouse Emissions Inventory and Forecast, including the RCI TWG recommendation to update the electricity growth rate forecast (3.75% through 2010; 3.50% from 2011-2020) and the peak demand analysis (see footnote on previous page); and the formation of a group to explore setting statewide GHG reduction targets.

**Announcements:**

The next meeting of the CCAG was not determined. Staff will provide CCAG members some optional dates. The next meeting will be held at the Salt River Project Public Administration Building, 1521 North Project Drive, Tempe.

Agenda items for the next CCAG meeting will include discussion of any new options to be included in the list of potential options, review of analysis for all priority options, and review of plans for the final report. TWG facilitators will e-mail members with dates and times for next series of conference calls.